

STATE OF MICHIGAN  
**FAMILY INDEPENDENCE AGENCY**

MEMORANDUM

To: James Aebli, Director  
Houghton/Keweenaw County FIA

August 18, 1999

From: Rita Barker, Director  
Office of Internal Audit

Subject: Limited Scope Audit of Houghton/Keweenaw County FIA  
Assignment #99-386

The Office of Internal Audit performed a limited scope audit of Houghton/Keweenaw County FIA for the period October 1, 1998 through July 31, 1999. Our audit included the cash receipts and cash disbursements processes, food stamps, controlled documents, and the various reconciliation processes related to the fiscal office operation. The objectives of our audit were to determine if internal controls in place at the local office provide reasonable assurance that Agency assets are safeguarded, transactions are properly recorded on a timely basis, and policies and procedures of the Michigan Family Independence Agency are being followed.

Our audit was conducted in accordance with Standards for the Professional Practice of Internal Auditing issued by the Institute of Internal Auditors.

Based on our limited scope audit, we found the following:

1. There were no funds or food stamps missing.
2. The safe and controlled document reconciliation had not been performed since December, 1998.
3. Master vouchers were not submitted to the County Treasurer on a timely basis. As a result, the bank refused payment for certain checks.
4. The bank reconciliation had not been performed since May, 1999.
5. There is inadequate separation of duties because there is currently only one bookkeeper, who is also a receptionist part of the time.

WE RECOMMEND that Houghton/Keweenaw County FIA separate duties in the accounting office, bring their reconciliations up to date, and submit their master vouchers to the County Treasurer on a timely basis.

cc: M. Jasonowicz  
J. Nye  
N. DeWees